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Study on ICT Applications in Micro and Small Enterprises and their impact on Operational Costs

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The development and proliferation of electronically communicated information has accelerated economic and social change across all areas of human activity worldwide and it continues to do so at a rapid pace. Yet it is understood that ICT (Information and Communication Technology) has the potential to drastically convert a company's traditional operations. Particularly when the company belongs to MSE (Micro and Small Enterprises) category. But it is a known fact that MSEs are slow in moving towards integrating ICT into their business processes. This has been the case not only in Sri Lanka, but in most parts of the world. Therefore MSEs should look at benefits of using ICT and their impact on operational cost.

This research focuses on ICT applications in MSEs and their impact on operational cost. The degree of ICT applications in MSEs observed according to the use of ICT at each level in the business (inbound logistics, operation, outbound logistics, marketing, sales, services), include: readiness for ICT, infrastructure facilities for ICT, available ICT technology, willingness to invest in ICT. Each and every MSE has a different level of gross profits and sales.

Ratio is best way of discussing fact among same businesses as well as in different business under retail business industries. Gross profit margin of the businesses and degree of ICT usage of each business can be identified using responses of the questionnaire. Data has been gathered through interviews with the help of structured questionnaires. Research questionnaires focus on identifying degree of ICT application usages in MSEs and cost effectiveness under different perspectives. When gathering gross profit information of MSEs, they were mainly divided into two parties considering either gross profit less than one or higher than one, including one. It simplifies the analysis, categorizing and interpretation of the cost effectiveness related to the degree of ICT usage in the MSEs.

In conclusion, MSEs that used ICT facilities in their business processes, reduce non value adding activities and wastages. Furthermore, according to the degree of ICT usages in their business processes they increase their efficiency, effectiveness and cost benefits.